



UNIVERSITY OF WASHINGTON

Economics Undergraduate Board

THE ECONOMIZER

VOLUME 27, NUMBER 3

DEPARTMENT OF ECONOMICS

SPRING 2018

Gender Pay Gap In the Gig Economy Explained by Uber

Coco Tang

Women demand temporal flexibility, and the gig economy offers just that. The gig economy, as loosely defined in the Uber study on the gender pay gap, divides work into small parts and offers them to independent workers with low barriers to entry. It is reasonable to think that from participating in a gig economy such as Uber, women not only can enjoy flexible working hours but they can also get the same pay as their male counterparts as their wage depends entirely on an algorithm that is by nature nondiscriminatory. But such an intuition is not vindicated by the Uber study.

The answer to why the gender pay gap persists has long been sought after. Though there are a number of possible explanations, some studies have attributed the gender pay gap contributed chiefly by two gender characteristics. First, the women's tendency to shy away from competitive work setting and second, the reluctance to negotiate contracts relative to men. The former could be a contributor to the underrepresentation of women on executive leadership levels. Women on average have a preference for low risk occupations and less demanding positions in a com-

pany compared to men. This tendency naturally distances women from leadership roles and hence higher pay. The second factor places women where they can be easily discriminated against, as men negotiate more aggressively and potentially earn more favor from their bosses.

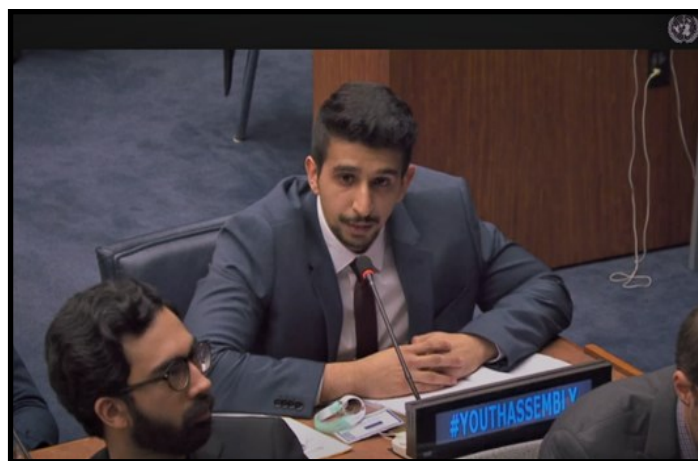
As cultural values evolve and gender ideologies shift, however, these potential contributors to the gender pay gap seem to account for lesser and lesser proportion of the differences in pay. In the Uber study, the unique algorithm of the platform allows the study to account for all of these trait differences. From the company's side, the pay model does not distinguish between preferences for different roles or the ability to negotiate. Similarly, passengers indicate no preference for male drivers or female drivers. A driver simply gets paid according to the duration and miles driven, independent of the driver's gender. By doing so, the study aims to identify other factors that could possibly contribute to the gender pay gap or if it would just vanish as one would expect with the gender-blind, non-negotiable pay model.

Continued on page 2

My Journey to The United Nations and The World Bank

Sary Alasiri

As an Economics and Political Science candidate, I have always wondered about the role of some NGOs in the world. Are they really effective? The current international system of sovereign states is the result of a treaty that was signed more than 300 years ago. The Treaty of Westphalia (1648) dramatically altered our perception on major aspects and led to the creation of a completely new concepts such as, sovereign state, state borders, citizenship, nationalism, immigration, etc. Moreover, stateless NGOs were created later in order to loosen up the structure of the international system and solve some of the problems that emerged with it. The United Nations, the International Rescue Committee (IRC), the World Bank, and the IMF, are all examples of international NGOs that operate with certain level of autonomy. To put it all briefly, these NGOs are like the nanny in the house, have some authority over kids (small states) but still listen to the instructions and advice of the parents (superpowers).



Continued on page 2

Continued: Gender Pay Gap in The Gig Economy Explained by Uber

Continued from Page 1

....The result of the study is a confounding 7% gender pay gap favoring men over women, one that is not uncommon from that of other industries. How could that be when the person's pay is determined solely on how far and how long he or she has driven which is independent of gender? It turns out that even though the system itself is nondiscriminatory, pay differences are based on how female and male drivers operate within the Uber platform. There are three factors that are responsible for this difference.

The first one is geographical and temporal variations, which is when and where the person drives. For example, the data suggests that male drivers accept more airport and overnight graveyard rides on average, and those trips tend to be more lucrative than normal trips. Female drivers, on one hand, give more Sunday afternoon rides although equally profitable as rides given by men but men still get paid more merely because they provide more of those lucrative rides.



Sources for information in this article can be provided upon request

Continued: My Journey to The United Nations and The World Bank

The major question I have always had is that what are these NGOs doing in this world, especially the United Nations and the World Bank. So, I applied to attend two large conferences taking place in the United Nations and the World Bank's HQs, and I was fortunate enough to get accepted in both (really didn't think I will be able to be physically there!). I had the chance to personally examine some of the work of these two NGOs in the very place where they operate and take decisions. The conferences had participants from all over the world. I even talked to people from more than 50 different countries and I am not over exaggerating! To put you into context, I will try to mention some of the topics we touched upon in both conferences, and questions that I asked during the two conferences. Unfortunately, because of the length of this article, I will not be able to provide the experts' answers to my questions! What a bummer!

At the UN's conference, we were exposed to a variety of topics vis-à-vis the world's major issues. The first session I attended was about the international community's commitment to education, the main speaker was from the UNESCO Global Education Monitoring Report. My question to the main speaker was "How does the UNESCO make sure that governments with high poverty rates will fulfill the basic needs of the country's population without ignoring the right to proper education?". Another session I attend-

ed was about climate changes and the impact of natural disasters on humans.

We had a representative from the United Nations International Strategy for Disaster Reduction (UNISDR), and my comment and question to the gentlemen was this "from the year 1996 and until 2013, the number of people who lost their lives because of natural disasters is around one million and a half. Ironically, countries that got most affected by those natural disasters are the ones that contribute the least to climate change such as, Haiti, Myanmar, and Sub-Saharan countries. When are we going to see the UN take firm actions with developed countries that contribute the most to climate change?"

One of the most interesting sessions I had at the World Bank conference was called The Resilient Housing for Resilient Cities. The presenters were talking about their projects of formalizing the informal settlements in different cities around the world. Elizabeth Hausler, who is a representative from Build Change Organization pitched her idea about retrofitting houses to make them resilient against natural hazards. This sounds like a brilliant and economically efficient idea! However, when I asked her about if any of these retrofitted houses have been tested by any sort of natural disaster, the answer was basically no which means we do not really know if they are actually resilient houses yet! After all, these are just some of the stuff I have encountered during my time there. I have learned a lot and meet valuable people. What a great experience!

Continued on Page 3

How Impact Investment Mitigate Kenya's Overgrazing Problem

Danyan Leng

Impact investments are investment made into companies, organizations, and fund with the intention to generate social and environmental impact alongside a financial return. It has attracted a wide variety of both individual and institutional investors in recent years. Nature Vest is the conservation investing unit of the world's leading conservation organization, The Nature Conservancy (TNC). Its mission is to create and execute investable deals in a wide variety of sectors that deliver environmental conservation results and financial returns for investors. In 2015, it invested on a sustainable agriculture project called "*Livestock to Markets*" in Kenya. From this example, the impact investment can be seen to have multiple benefits. Aside from its ability to be profitable, it can help nearby communities to improve their quality of life and solve local environmental problems.

In northern Kenya, the grassland is very important to the survival of both human and wildlife. For thousands of years, cattle herders have shared the grassland with elephants, zebras, giraffes, rhinoceros and other amazing wildlife in a relatively stable environment. However, due to the poor access to markets, more and more pastoralists cannot sell their cattle before droughts causing conflicts amongst communities over the limited grazing space. As a result, the pastoralists do not have enough income to support their families. Meanwhile, the massive cattle population brings severe damage to Kenya's grassland due to overgrazing.

Overgrazing can cause desertification or land erosion that largely reduces the productivity and biodiversity of the land. It is not only caused by overcrowding animals on the land but also due unsustainable management of farmers. The pastoralists in northern Kenya are often not able to move or rotate their herds in different areas causing cattle to overgraze in one place. This phenomenon is famously known as the tragedy of the commons. Once the grasslands are damaged by overgrazing, the survival of other wildlife species that depend on those grasslands are threatened. In the short run, wildlife may migrate to other natural habitats for survival. However, if more and more Kenya's grasslands are degraded by overgrazing, we can expect the wildlife population to decline or even to become extinct in the long run.

The local pastoralists are required to raise less cattle or apply sustainable grazing management to help mitigate the overgrazing problem, but it cannot improve the poor access to market. To help pastoralists get access to Kenyan major livestock markets, the Northern Rangelands Trust (NRT), a Kenyan NGO that

helps improve community resilience, launched its *Livestock to Markets* program in 2009. In this program, NRT shares new tools and guidance that help local communities better manage their rangelands and livestock grazing practices. If the communities meet NRT's grazing management standards, NRT will buy a cattle from the communities and provide quarantine, fattening and procession services which can help sell the cattle at higher prices. Finally, the profit will go to support NRT's other operation costs and help local communities develop their education, security, and health care.

What is the role of impact investment in this case? The idea of *Livestock to Market* program is great, but the Northern Rangelands Trust does not have enough capital to operate the program in a large scale without access to investment. For example, before Nature Vest invested on the program, NRT was only able to only purchase 1,000 cattle from the pastoralists per year, which means they could protect about 760,000 acres of grassland from overgrazing. In 2014, the Nature Vest structured a tiered \$7 million investment to grow *Livestock to Market* program into a sustainable social enterprise. Besides this, TNC lent a \$3.5 million program-related (PRI) loan to NRT that allows them to buy 10,000 cattle from the local pastoralists thus saving 1,250,000 acres of grassland per year. Overall, the program can benefit above 46,000 people within communities. Since impact investment cares about its social and environmental effects, the loan pays 0% interest in the first 7 years. Therefore, NRT will have enough time to grow without facing financial stresses on generating profits to make loan repayments.

According to the NRT's 2016 State of Conservancies report, 2,324 households were involved in the *Livestock to Markets* program. It helps the household to have higher and more stable income. At the same time, the program's profit is mainly invested in wildlife patrols that help lower the incidence of elephant and rhino poaching. In the past three years, elephant poaching in the NRT conservancies has already declined by nearly 40%. Although a severe drought brought negative impacts to the program's financial performance last year. NRT is now looking for new business models to overcome the unpredictable influences from natural factors. For example, it plans to buy goat, sheep and other livestock from local communities to increase the diversity of their business.

Continued on page 4

Math/Stats Review: In early Winter quarter the EUB will be hosting a Math and Statistics Review Seminar to help students brush up on the math used in ECON 200/201, as well as ECON 300/301.

Economics Tutoring: The EUB offers free tutoring every weekday at various times every quarter! Check the schedule on the EUB website to see tutoring times. If you need help with an upper level class, however, make sure you check the website to see

Continued: *How Impact Investment Mitigate Kenya's Overgrazing Problem*

Continued from page 3

....Impact investment is a new strategy that encourages more people to invest in philanthropic activities because it can generate profits to people who are interested in making a positive impact in society and the environment. Meanwhile, it helps the organizations to rethink about utilizing and managing their capital assets more effectively.

Sources for information in this article can be provided upon request



Celebrating Diversity One Economist at a Time

Kiana Rahni

Upon entering the corridors of the Department of Economics on the third floor of Savery Hall, students, faculty, and administration alike are greeted by images of prominent economists. These photos, which depict individuals who have made valuable contributions to the field, have for years provided students with one representation of “what an economist looks like.”

Between 2008 and 2016, the Department saw a 19% increase in the proportion of women electing to pursue a degree in economics- increasing from 34% to 53% respectively. Contrarily, the department has witnessed a decline in the proportion of underrepresented minority students in the major from 5% in 2008 to 4% in 2016. These figures represent a continuing trend across the discipline as research from the Federal Reserve has noted that the rate of women in economic leadership roles remains low while across the discipline minorities make up only 12% of all econ degrees.

For the advancement, recognition, and celebration of the value of diversity and inclusion, UW Women in Economics in partnership with the Economics Department has pursued and been awarded a grant from the UW Diversity Blueprint for the purpose of highlighting unique and valuable contributions of women and minority economists in the field. The UW Women in Economics is a board which consists of econ alumni, faculty, graduate and undergraduate students. The grant entitled “*This is*

What an Economist Looks Like” is a part of a larger project announced last year by the Vice President and Chief Diversity Officer for Minority Affairs and Diversity.

For the purpose of this grant, select students in three various economics courses were asked to identify, research, and write up a biography of an economist- keeping in mind the elements of diversity of race, gender, ethnicity, nationality, area of study, and diversity of thought which are often not highlighted in standard assessments of prominent economists. Selected economists will be commemorated and displayed at the entrance of the Economics Department along with the biographies authored by the students.

The project will encourage women and minority attraction, involvement, and retention in the field of economics by breaking stereotypes and showing a wider representation of the field. The endowment of this grant to the Department is part of a greater effort to expand opportunities and recognize women and underrepresented minorities in the field of Economics.

Sources for information in this article can be provided upon request

The Economizer is a quarterly newsletter published by the Economics Undergraduate Board. The articles herein do not necessarily reflect the views of the department or its faculty.

EDITOR: Sarah Roslan

WRITERS: Coco Tang, Danyan Leng, Kiana Rahni and Sary Alasiri

CONTACT: Please e-mail us with your questions, comments, or concerns at eub@uw.edu

Visit EUB on the Web: <http://depts.washington.edu/ecnboard>